

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1894 - SB 2349

May 8, 2020

SUMMARY OF BILL: Removes requirements that stipulate a student must: be previously enrolled in and have attended a Tennessee public school for one full school year prior to receiving an individualized education account (IEA); be attending a Tennessee school for the first time; or have received an account in the previous school year in order to be considered eligible to receive an IEA.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – Exceeds \$45,400/FY20-21 and Subsequent Years/
School Improvement Fund**

Other Fiscal Impact – Increased student participation in the IEA program may result in a local shift in BEP funding. However, due to multiple factors, a precise estimate cannot be reasonably determined.

Assumptions:

- The proposed legislation increases access to the IEA Program and may increase the number of applicants and students participants in the program.
- If there is an increase in students participating in IEA programs, the funding generated by the Basic Education Program (BEP) for those students will be transferred to the IEA of each individual student.
- Local education agencies (LEAs) will not be required to incur the costs of educating those students that now have IEAs and are no longer enrolled in public schools; it is assumed that the loss of BEP funding and the cost savings from LEAs no longer having to educate students with IEAs will offset each other and have no impact on LEAs.
- It is estimated that expanding the IEA Program will increase program participation by at least 100 students.
- Tennessee Code Annotated § 49-10-1405 authorizes the Department of Education (DOE) to retain a six percent administrative fee from appropriations used to fund IEAs to cover the costs of overseeing and administering the program.
- Based on the statewide average BEP amount of \$7,571 in FY19-20, the increase in student enrollment will result in a recurring increase in state revenue exceeding \$45,426 (\$7,571 x 100 students x 6%) in FY20-21 and subsequent years.

- To the extent that the proposed legislation results in increased student participation in the IEA program, there will be a shift in local BEP funding; however, because the exact number and location of student enrollment decreases cannot be precisely quantified, the impact from the decreases in local revenue and expenditures cannot be reasonably estimated.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/alh